

SANTA ROSA COUNTY, FLORIDA SHERIFF
FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

SANTA ROSA COUNTY, FLORIDA SHERIFF

FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

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SANTA ROSA COUNTY, FLORIDA SHERIFF

FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

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INDEPENDENT AUDITOR'S REPORT

Honorable Wendell Hall
Sheriff
Santa Rosa County, Florida

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Office of the Sheriff of Santa Rosa County, Florida (hereinafter referred to as "Sheriff") as of and for the year ended September 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Sheriff's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note A to the financial statements, the special-purpose financial statements consists of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Sheriff, nor are they intended to be a complete presentation of the financial position and changes in financial position of Santa Rosa County, Florida, taken as a whole.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Sheriff, as of September 30, 2005, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2005, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on page 17 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the special-purpose fund level financial statements. The accompanying supplementary information, the Combining Balance Sheet - All Non-Major Governmental Funds, Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - All Non-Major Governmental Funds, and Combining Schedule of Fiduciary Net Assets - All Agency Funds are presented for purposes of additional analysis and are not a required part of these special-purpose financial statements. This supplementary information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, are fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole.

This report is intended solely for the information and use of management of the Sheriff and appropriate governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Greel, LLP

December 13, 2005

Santa Rosa County, Florida Sheriff
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2005

	General Fund	Jail Commissary Fund	Grants Fund	Other Non-major Governmental Funds	Totals Governmental Funds
ASSETS					
Cash	\$ 1,274,323	\$ 1,025,838	\$ 59,390	\$ 219,113	\$ 2,578,664
Due from other funds	755,616	--	92,357	1,835	849,808
Due from other governmental units	11,188	--	723,139	--	734,327
Accounts receivable	3,480	14,513	--	--	17,993
Inventory	15,281	--	--	--	15,281
Total assets	<u>\$ 2,059,888</u>	<u>\$ 1,040,351</u>	<u>\$ 874,886</u>	<u>\$ 220,948</u>	<u>\$ 4,196,073</u>
LIABILITIES					
Accounts payable and accrued payroll	\$ 1,424,494	\$ 12,995	\$ 72,169	\$ 16,709	\$ 1,526,367
Due to other funds	92,357	342	755,274	1,835	849,808
Due to other governmental units	543,037	--	417	--	543,454
Unearned revenue	--	--	47,026	97,829	144,855
Total liabilities	<u>2,059,888</u>	<u>13,337</u>	<u>874,886</u>	<u>116,373</u>	<u>3,064,484</u>
FUND BALANCE					
Fund balance					
Unreserved	--	1,027,014	--	--	1,027,014
Reserved for law enforcement training	--	--	--	104,575	104,575
Total fund balance	<u>--</u>	<u>1,027,014</u>	<u>--</u>	<u>104,575</u>	<u>1,131,589</u>
Total liabilities and fund balance	<u>\$ 2,059,888</u>	<u>\$ 1,040,351</u>	<u>\$ 874,886</u>	<u>\$ 220,948</u>	<u>\$ 4,196,073</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida Sheriff
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the year ended September 30, 2005

	General Fund	Jail Commissary Fund	Grants Fund	Other Non-major Governmental Funds	Totals Governmental Funds
REVENUES					
Intergovernmental	\$ 1,629	\$ --	\$ 2,458,896	\$ 79,343	\$ 2,539,868
Miscellaneous	11,162	311,447	--	2,639	325,248
Total revenues	12,791	311,447	2,458,896	81,982	2,865,116
EXPENDITURES					
Current					
General government					
Judicial					
Personal services	549,692	--	--	--	549,692
Operating	31,430	--	--	--	31,430
Public safety					
Law enforcement					
Personal services	12,034,410	--	1,948,461	--	13,982,871
Operating	2,428,093	--	264,054	48,434	2,740,581
Capital outlay	1,003,581	--	246,381	23,216	1,273,178
Correction and detention					
Personal services	4,728,491	63,326	--	--	4,791,817
Operating	2,276,671	363,167	--	--	2,639,838
Capital outlay	138,252	54,825			
Debt service					
Principal	68,072	--	--	--	68,072
Interest	6,711	--	--	--	6,711
Total expenditures	23,265,403	481,318	2,458,896	71,650	26,084,190
Excess (deficiency) of revenues over expenditures	(23,252,612)	(169,871)	--	10,332	(23,412,151)
OTHER FINANCING SOURCES (USES)					
Board of County Commissioners appropriation	23,775,112	--	--	--	23,775,112
Board of County Commissioners excess fees	(522,500)	--	--	--	(522,500)
Total other financing sources (uses)	23,252,612	--	--	--	23,252,612
Net change in fund balances	--	(169,871)	--	10,332	(159,539)
FUND BALANCES, BEGINNING OF YEAR	--	1,196,885	--	94,243	1,291,128
FUND BALANCES, END OF YEAR	\$ --	\$ 1,027,014	\$ --	\$ 104,575	\$ 1,131,589

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida Sheriff
STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS
September 30, 2005

ASSETS

Cash	\$ 137,028
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LIABILITIES

Accounts payable	92,875
Due to other governmental units	7,256
Deposits	36,897
Total liabilities	<u>137,028</u>

NET ASSETS

Net assets	<u>\$ --</u>
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Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

1. Reporting Entity

The Office of the Sheriff of Santa Rosa County, Florida (the Sheriff), as established by Article VIII of the Constitution of the State of Florida, is an elected official of the County. Although the Sheriff is operationally autonomous from the Santa Rosa County Board of County Commissioners, the Sheriff does not hold sufficient corporate powers to be considered a legally separate entity for financial reporting purposes. Therefore, the Sheriff is considered part of Santa Rosa County, Florida's primary government.

These *special-purpose financial statements* are not intended to be a complete presentation of the financial position and results of operations of Santa Rosa County, Florida taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in GASB 34, and do not include presentations of *government-wide* financial statements of the Sheriff.

2. Fund Accounting

The accounting system of the Sheriff is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The funds utilized by the Sheriff's office are as follows:

Governmental Funds

These funds utilize a modified accrual basis of accounting. The measurement focus is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination). The Sheriff reports the following major governmental funds.

General Fund is used to account for all financial resources which are generated from operations of the office, appropriations from the Board of County Commissioners, or any other resources not required to be accounted for in another fund.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

2. Fund Accounting -- (Continued)

Jail Commissary Fund accounts for jail commissary and vending machine revenues that are used to provide recreational facilities and equipment for the prisoners.

Grants Fund accounts for grant revenues and expenditures from several grantors which are used according to the terms of each grant.

Non-major governmental funds of the Sheriff are as follows:

- 1) Second Dollar accounts for shared fine revenues from the Santa Rosa Board of County Commissioners which are used for law enforcement training purposes.
- 2) Federal Seizure accounts for shared seizure revenues from the United States Department of Justice which are to be used for law enforcement purposes.

Agency Funds

Agency Funds account for assets held in a custodial capacity for others. Assets equal liabilities in agency funds, and results of operations are not measured. The agency funds utilized are:

- 1) Individual Depositors accounts for the collection and disbursement of monies deposited primarily by insurance companies and attorneys awaiting civil process.
- 2) Suspense accounts for the collection of monies obtained from the Sheriff's sale of abandoned and confiscated property, various court levies, writs of execution, and miscellaneous receipts and the subsequent disbursements to individuals, state agencies, and the Board of County Commissioners.
- 3) Prisoners' Personal accounts for receipts and disbursements of prisoners' personal funds during the period of incarceration.
- 4) Seizure accounts for cash confiscated by the Sheriff's department which is held pending disposition.
- 5) Flower accounts for the collection and disbursement of funds donated by employees to purchase flowers for certain occasions.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

2. Fund Accounting -- (Continued)

- 6) Cash Bond accounts for old outstanding checks issued prior to transfer of the responsibility for handling bond monies to the Clerk of Courts.

3. Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available as net current assets. The Sheriff considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred. Agency funds use the accrual basis of accounting.

4. Inventory

Inventory consists primarily of general office supplies and is valued at cost (first in, first out). The Sheriff uses the consumption method of accounting in which inventory acquisitions are recorded in inventory initially and charged as expenditures when used.

5. Accounting for Capital Assets

Capital assets (vehicles, equipment, and other tangible property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures by the acquiring fund at the time of purchase. The Sheriff does not engage in the acquisition of public domain (infrastructure) assets.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at estimated fair value on the date donated.

Depreciation of equipment is calculated using the straight-line method over estimated useful lives of 3-10 years.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

5. Accounting for Capital Assets -- (Continued)

Capital assets and related depreciation expense are reported as a component of the Santa Rosa County government-wide financial statements and are not reflected in the governmental fund financial statements.

6. Budgets and Budgetary Accounting

The Sheriff operates under budget procedures pursuant to Chapters 30 and 129, Florida Statutes. The Sheriff's general fund budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America. The Sheriff is not legally required to prepare a budget for the other governmental funds; therefore, comparative budget and actual results are not presented for these funds. The legal level of budgetary control is the fund level.

7. Compensated Absences

Employees accumulate a limited amount of earned but unused sick leave, annual leave, and compensatory time, which will be paid upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the Santa Rosa County government-wide financial statements. For the governmental fund statements, expenditures are recognized when payments are made to employees.

8. Excess Revenue

In accordance with Section 218.36, Florida Statutes, excess appropriations are returned to the Board of County Commissioners at fiscal year-end and are reported in the "due to other governmental units" liability account. Charges for services, interest income, and other miscellaneous revenues collected by the Sheriff are considered to be "agency" transactions, not available for expenditure by the Sheriff, and are remitted to the Board on a monthly basis.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE B - CASH AND INVESTMENTS

The Sheriff's deposits at year-end were held by financial institutions designated as "qualified public depositories" by the State Treasurer. All deposits were fully insured through a combination of Federal depository insurance and participation of the financial institutions in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. Accordingly, risk of loss due to bank failure is not significant.

Statutes authorize the Sheriff to invest in direct obligations of the U.S. Treasury, interest bearing time deposits, or savings accounts in banks participating in the multiple financial institution collateral pool, the Local Government Surplus Funds, and SEC registered money market funds.

NOTE C - CAPITAL ASSETS

Disclosures required by Chapter 10.557(3)(i) Rules of the Auditor General State of Florida related to capital assets are as follows:

	<u>Balance</u> <u>10/01/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/05</u>
Vehicles, equipment, and furniture	\$ 7,848,911	\$ 1,600,554	\$ (910,510)	\$ 8,538,955
Less: accumulated depreciation	<u>(4,804,778)</u>	<u>(1,125,415)</u>	<u>831,671</u>	<u>(5,098,522)</u>
Net Total	<u>\$ 3,044,133</u>	<u>\$ 475,139</u>	<u>\$ (78,839)</u>	<u>\$ 3,440,433</u>

Depreciation expense for the year ended September 30, 2005, was \$1,125,415.

NOTE D - LONG-TERM DEBT OBLIGATIONS

Disclosures required by Chapter 10.557(3)(i) Rules of the Auditor General State of Florida related to long-term debt are as follows:

Compensated Absences	
Balance - October 1, 2004	\$ 3,181,232
Increases	1,750,272
Decreases	<u>(1,426,192)</u>
Balance - September 30, 2005	<u>\$ 3,505,312</u>

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE D - LONG-TERM DEBT OBLIGATIONS -- (Continued)

The general fund has typically been used to liquidate liabilities for compensated absences.

Long-Term Debt - Capital Lease	
Balance - October 1, 2004	\$ 180,422
Additions	--
Principal payments	<u>(68,072)</u>
Balance - September 30, 2005	<u>\$ 112,350</u>
Future Lease Payments	
2006	\$ 58,876
2007	<u>58,876</u>
Total minimum lease payments	117,752
Less: amount representing interest	<u>(5,402)</u>
Net minimum lease payments	<u>\$ 112,350</u>

The Sheriff is obligated under a lease-purchase agreement with Ford Motor Credit related to the lease-purchase of automobiles. The lease qualifies as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments at the inception of the lease. The acquired assets have been recorded as capital assets of the Board of County Commissioners of Santa Rosa County, Florida.

NOTE E - INTERFUND BALANCES

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 755,616	\$ 92,357
Jail Commissary	--	342
Grants	92,357	755,274
Non-major governmental	<u>1,835</u>	<u>1,835</u>
	<u>\$ 849,808</u>	<u>\$ 849,808</u>

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE E - INTERFUND BALANCES -- (Continued)

The balance of \$755,616 due to the General Fund primarily consists of advances to the Grant Fund which will be paid back to the General Fund after reimbursement is received from grantors. The remainder consists of expenditures made for the various other funds which are typically reimbursed to the General Fund on a monthly basis. The balance of \$92,357 consists of amounts owed by the General Fund to the Grant Fund for expenses allocable to the General Fund.

NOTE F - RETIREMENT PLAN

Participation - Employees of the Sheriff participate in the Florida Retirement System (FRS), a cost-sharing multiple-employer retirement system, established by Chapter 121, Florida Statutes. Participation is compulsory for full-time and part-time employees working in regularly established positions. Elected officials may elect not to participate in the system.

Contributions - Chapter 121 requires the employer to pay all contributions (employee noncontributory) based upon state-wide rates established by the State of Florida. During 2005, the Sheriff contributed an average of 7.50% of each qualified regular employee's gross salary, 15.23% of the elected official's salary, 18.53% of each special risk employee's salary, and 9.17% for each DROP participant. The contributions, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for each year and totaled \$2,204,651, \$1,943,059, and \$1,549,059, for the years ended September 30, 2005, 2004, and 2003, respectively.

Benefit Provisions - The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 10 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE F - RETIREMENT PLAN -- (Continued)

retirement is available after 10 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Financial Report of the Plan - The Florida Retirement System issues a stand-alone financial report. A copy can be obtained by contacting the State of Florida, Division of Retirement, Tallahassee, Florida.

NOTE G - OPERATING LEASES

Certain office equipment is leased under noncancelable operating leases expiring in various years through 2008.

Year ending <u>September 30,</u>	
2006	\$ 67,506
2007	64,498
2008	<u>36,811</u>
Total minimum payments required	<u>\$ 168,815</u>

Rental expense for the year ended September 30, 2005, amounted to \$127,475.

NOTE H - GRANT ASSISTANCE

The Sheriff serves as implementing agency for various grants which are reported in the Single Audit Report prepared by the Santa Rosa County Board of County Commissioners.

Santa Rosa County, Florida Sheriff
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE I - RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board of County Commissioners has established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment

The County is covered by outside insurance for the following exposures:

- Portable Communication Equipment
- Boats
- Employee Fidelity
- General Liability, \$100,000 deductible
- Public Officials' Liability, \$100,000 deductible

Conventional insurance remains in effect for buildings, contents, Sheriff's general and professional liability, Sheriff's automobiles, and Sheriff's medical malpractice for treatment of prisoners. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE J - HURRICANES IVAN AND DENNIS

The Sheriff's Office incurred significant payroll and operating costs related to overtime worked by Sheriff's Office employees engaging in the aid of public safety during the aftermath of Hurricanes Ivan and Dennis. Santa Rosa County, Florida was subsequently identified to be included in major disaster declarations, issued by the U.S. Department of Homeland Security. In addition, the State of Florida Office of the Governor issued Executive Orders to declare a state of emergency for areas affected by Hurricanes Ivan and Dennis. These Federal and state declarations provide for the reimbursement of the majority of these costs from Federal and state funding sources. The remainder is to be paid for by the affected local government. The Sheriff's Office has included in the Grant Fund those costs which have been reimbursed from Federal and state sources in the amount of \$1,066,226.

REQUIRED SUPPLEMENTARY INFORMATION

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2005, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on page 17 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the special-purpose fund level financial statements. The accompanying supplementary information, the Combining Balance Sheet - All Non-Major Governmental Funds, Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - All Non-Major Governmental Funds, and Combining Schedule of Fiduciary Net Assets - All Agency Funds are presented for purposes of additional analysis and are not a required part of these special-purpose financial statements. This supplementary information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, are fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole.

This report is intended solely for the information and use of management of the Sheriff and appropriate governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Greel, LLP

December 13, 2005

SUPPLEMENTARY INFORMATION - COMBINING FUND FINANCIAL STATEMENTS

Santa Rosa County, Florida Sheriff
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2005

	Second Dollar Fund	Federal Seizure Fund	Totals
ASSETS			
Cash	\$ 102,740	\$ 116,373	\$ 219,113
Due from other funds	1,835	--	1,835
Total assets	<u>\$ 104,575</u>	<u>\$ 116,373</u>	<u>\$ 220,948</u>
LIABILITIES			
Accounts payable	\$ --	\$ 16,709	\$ 16,709
Due to other funds	--	1,835	1,835
Unearned revenue	--	97,829	97,829
Total liabilities	<u>--</u>	<u>116,373</u>	<u>116,373</u>
FUND BALANCE			
Fund balance			
Reserved for law enforcement training	<u>104,575</u>	<u>--</u>	<u>104,575</u>
Total liabilities and fund balance	<u>\$ 104,575</u>	<u>\$ 116,373</u>	<u>\$ 220,948</u>

Santa Rosa County, Florida Sheriff
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL NON-MAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2005

	Second Dollar Fund	Federal Seizure Fund	Totals
REVENUES			
Intergovernmental	\$ 33,276	\$ 46,067	\$ 79,343
Miscellaneous	2,639	--	2,639
Total revenues	35,915	46,067	81,982
EXPENDITURES			
Current			
Public safety			
Law enforcement			
Operating	25,583	22,851	48,434
Capital outlay	--	23,216	23,216
Total expenditures	25,583	46,067	71,650
Net change in fund balances	10,332	--	10,332
FUND BALANCES, BEGINNING OF YEAR	94,243	--	94,243
FUND BALANCES, END OF YEAR	\$ 104,575	\$ --	\$ 104,575

Santa Rosa County, Florida Sheriff
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS -
ALL AGENCY FUNDS
For the year ended September 30, 2005

	Individual Depositors Fund	Suspense Fund	Prisoner Personal Fund	Seizure Fund	Flower Fund	Bond Fund	Totals
ASSETS							
Cash	\$ 6,872	\$ 92,875	\$ 7,503	\$ 21,675	\$ 8,052	\$ 51	\$ 137,028
LIABILITIES							
Accounts payable	--	92,875	--	--	--	--	92,875
Due to other governments	6,872	--	--	384	--	--	7,256
Deposits	--	--	7,503	21,291	8,052	51	36,897
Total liabilities	6,872	92,875	7,503	21,675	8,052	51	137,028
NET ASSETS							
Net assets	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Honorable Wendell Hall
Sheriff
Santa Rosa County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Office of the Sheriff of Santa Rosa County, Florida (hereinafter referred to as "Sheriff") as of and for the year ended September 30, 2005, and have issued our report thereon dated December 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

As required by the provisions of Chapter 10.550, rules of the Auditor General, we have issued a separate management letter dated December 13, 2005, which should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Sheriff, management, and appropriate governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Greel, LLP

December 13, 2005

MANAGEMENT LETTER

Honorable Wendell Hall
Sheriff
Santa Rosa County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Office of the Sheriff of Santa Rosa County, Florida (hereinafter referred to as "Sheriff") as of and for the year ended September 30, 2005, and have issued our report thereon dated December 13, 2005.

We have issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 13, 2005. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1) (h) 1.) require that we comment as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no such matters disclosed in the preceding annual financial audit report.

As required by the Rules of the Auditor General (Section 10.554 (1) (h) 2.), we determined that the Sheriff is in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.

The Rules of the Auditor General (Section 10.554 (1) (h) 3.) require that we comment as to whether or not there were any recommendations made to improve the Sheriff's financial management, accounting procedures, and internal controls. No items were identified which are required to be disclosed by the Rules of the Auditor General (Section 10.554 (1) (h) 3.).

The Rules of Auditor General (Sections 10.554 (1) (h) 4.) require disclosure in the management letter of the following matters that are not clearly inconsequential, considering both quantitative and qualitative factors, including the following: violations of laws, rules, regulations, and contractual provisions that have occurred, or were likely to have occurred and were discovered within the scope of the audit; improper or illegal expenditures discovered within the scope of the audit which may or may not materially affect the financial statements; and deficiencies in internal control that are not reportable conditions including but not limited to: improper or inadequate accounting procedures (e.g. the omission of required disclosures from the annual financial statements); failures to properly record financial transactions; and other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters required to be disclosed by Rules of the Auditor General (Sections 10.554 (1) (h) 4).

This report is intended solely for the information and use of the Sheriff, management, and appropriate governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Greel, LLP

December 13, 2005

**Santa Rosa County, Florida Sheriff
RESPONSE TO MANAGEMENT LETTER
For the year ended September 30, 2005**

There were no comments which require management's written response.